

USED AUTOMOTIVE PARTS RECYCLERS
Administrative Rules of the Texas Department of Licensing and Regulation
16 Texas Administrative Code, Chapter 87
(Effective February 1, 2020)

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87.1. Authority. *(New rule effective January 11, 2010, 35 TexReg 232)*

This chapter is promulgated under the authority of the Texas Occupations Code, Chapter 51 and Chapter 2309.

87.10. Definitions. *(New rule effective January 11, 2010, 35 TexReg 232; amended effective February 15, 2019, 44 TexReg 586)*

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise, or the words or terms conflict with a definition in the Transportation Code, §501.002 or §501.091, or Occupations Code, Chapter 2309.

- (1) **Casual sale**--The sale by a salvage vehicle dealer or an insurance company of not more than five nonrepairable motor vehicles or salvage motor vehicles to the same person during a calendar year. The term does not include:
 - (A) a sale at auction to a salvage vehicle dealer;
 - (B) the sale of an export-only motor vehicle to a person who is not a resident of the United States; or
 - (C) a sale to an insurance company, out-of-state buyer, or governmental entity.
- (2) **Commission**--The Texas Commission of Licensing and Regulation.
- (3) **Component part**--A major component part as defined by Transportation Code, §501.091, or a minor component part.
- (4) **Department**--The Texas Department of Licensing and Regulation.
- (5) **Executive director**--the executive director of the department.
- (6) **Insurance company**--
 - (A) a person authorized to write automobile insurance in this state; or
 - (B) an out-of-state insurance company that pays a loss claim for a motor vehicle in this state.
- (7) **Major component part**--One of the following parts of a motor vehicle:
 - (A) the engine;
 - (B) the transmission;
 - (C) the frame;
 - (D) a fender;
 - (E) the hood;
 - (F) a door allowing entrance to or egress from the passenger compartment of the motor vehicle;
 - (G) a bumper;
 - (H) a quarter panel;

- (I) a deck lid, tailgate, or hatchback;
 - (J) the cargo box of a vehicle with a gross vehicle weight of 10,000 pounds or less, including a pickup truck;
 - (K) the cab of a truck;
 - (L) the body of a passenger motor vehicle; or
 - (M) the roof or floor pan of a passenger motor vehicle, if separate from the body of the motor vehicle.
- (8) **Metal recycler**--A person who:
- (A) is engaged in the business of obtaining, converting, or selling ferrous or nonferrous metal for conversion into raw material products consisting of prepared grades and having an existing or potential economic value;
 - (B) has a facility to convert ferrous or nonferrous metal into raw material products by method other than the exclusive use of hand tools, including the processing, sorting, cutting, classifying, cleaning, baling, wrapping, shredding, shearing, or changing the physical form or chemical content of the metal; and
 - (C) sells or purchases the ferrous or nonferrous metal solely for use as raw material in the production of new products.
- (9) **Motor vehicle**--
- (A) any motor driven or propelled vehicle required to be registered under the laws of this state;
 - (B) a trailer or semitrailer, other than manufactured housing, that has a gross vehicle weight that exceeds 4,000 pounds;
 - (C) a travel trailer;
 - (D) an all-terrain vehicle or a recreational off-highway vehicle, as defined by Transportation Code, §502.001, designed by the manufacturer for off-highway use that is not required to be registered under the laws of this state; or
 - (E) a motorcycle, motor-driven cycle, or moped that is not required to be registered under the laws of this state.
- (10) **Nonrepairable motor vehicle**--means a motor vehicle:
- (A) that is damaged, wrecked, or burned to the extent that the only residual value of the vehicle is as a source of parts or scrap metal;
 - (B) that comes into this state under a comparable ownership document that indicates that the vehicle is nonrepairable;
 - (C) that a salvage vehicle dealer has reported to the Texas Department of Motor Vehicles under Transportation Code §501.1003;
 - (D) for which an owner has surrendered evidence of ownership for the purpose of dismantling, scrapping, or destroying the motor vehicle; or

- (E) That is sold for export only under Transportation Code §501.099.
- (11) **Nonrepairable vehicle title**--A printed document issued by the Texas Department of Motor Vehicles that evidences ownership of a nonrepairable motor vehicle.
- (12) **Salvage motor vehicle**--A motor vehicle that:
 - (A) has damage to or is missing a major component part to the extent that the cost of repairs, including parts and labor other than the cost of materials and labor for repainting the motor vehicle and excluding sales tax on the total cost of repairs, exceeds the actual cash value of the motor vehicle immediately before the damage; or
 - (B) comes into this state under an out-of-state salvage motor vehicle title or similar out-of-state ownership document.
- (13) **Salvage vehicle dealer**--A person engaged in this state in the business of acquiring, selling, repairing, rebuilding, reconstructing, or otherwise dealing in nonrepairable motor vehicles, salvage motor vehicles, or, if incidental to a salvage motor vehicle dealer's primary business, used automotive parts regardless of whether the person holds a license issued by the department to engage in that business. The term does not include a person not licensed as a salvage vehicle dealer who:
 - (A) casually repairs, rebuilds, or reconstructs not more than five nonrepairable motor vehicles or salvage motor vehicles in the same calendar year;
 - (B) buys not more than five nonrepairable motor vehicles or salvage motor vehicles in the same calendar year; or
 - (C) is a licensed used automotive parts recycler if the sale of repaired, rebuilt, or reconstructed nonrepairable motor vehicles or salvage motor vehicles is more than an incidental part of the used automotive parts recycler's business.
- (14) **Salvage vehicle title**--A printed document issued by the Texas Department of Motor Vehicles that evidences ownership of a salvage motor vehicle.
- (15) **Used automotive part**--A part that is salvaged, dismantled, or removed from a motor vehicle for resale as is or as repaired. The term includes a major component part but does not include a rebuildable or rebuilt core, including an engine, block, crankshaft, transmission, or other core part that is acquired, possessed, or transferred in the ordinary course of business.

87.15. Approval, Issuance, or Denial of License. *(New rule effective January 11, 2010, 35 TexReg 232; amended effective February 1, 2020, 45 TxReg 541)*

- (a) The department will issue a license under this chapter to an applicant who meets all of the requirements of this chapter. The department may deny an application if the applicant has had a license revoked under this chapter or for any reason permissible by law.
- (b) The department will issue a license containing a single unique license number for each used automotive parts recycling business license issued under this chapter.
- (c) If an applicant is determined to be not qualified under this chapter, the department will advise the applicant in writing of the reasons the applicant is not qualified or the deficiencies in the application.

87.20. Licensing Requirements--Used Automotive Parts Recycling Business License Required. *(New rule effective January 11, 2010, 35 TexReg 232)*

- (a) A person may not own or operate a used automotive parts recycling business or sell used automotive parts without first obtaining a license under this chapter.
- (b) A used automotive parts recycler license is:
 - (1) valid for one year from the date of issuance;
 - (2) valid only for the facility listed on the license; and
 - (3) is not transferable.

87.21. Licensing Requirements--Used Automotive Parts Recycling Business License Eligibility. *(New rule effective January 11, 2010, 35 TexReg 232)*

An applicant, a partner, principal, officer, or general manager of the applicant, or another license or permit holder with a connection to the applicant may be ineligible for a used automotive parts recycling business license, if the applicant, a partner, principal, officer, or general manager of the applicant, or another license or permit holder with a connection to the applicant has:

- (1) before the application date, been convicted of, pleaded guilty or nolo contendere to, or been placed on deferred adjudication for:
 - (A) a felony; or
 - (B) a misdemeanor punishable by confinement in jail or by a fine exceeding \$500;
- (2) violated an order of the commission or executive director, including an order for sanctions or administrative penalties; or
- (3) knowingly submitted false information on the application.

87.22. Licensing Requirements--Used Automotive Parts Recycling Business License Application Requirements. *(New rule effective January 11, 2010, 35 TexReg 232)*

An applicant for a used automotive parts recycling business license must:

- (1) submit a completed application on a department-approved form;
- (2) provide a valid federal tax identification number;
- (3) file proof of insurance in accordance with §87.40;
- (4) provide proof of a storm water permit, if required by the Texas Commission on Environmental Quality;
- (5) successfully pass a criminal background check; and
- (6) pay the fee required under §87.85.

87.23. Licensing Requirements--Used Automotive Parts Recycling Business License Renewal. *(New rule effective January 11, 2010, 35 TexReg 232)*

- (a) To renew a used automotive parts recycling business license, an applicant must:

- (1) submit a completed application on a department-approved form;
 - (2) provide a valid federal tax identification number;
 - (3) file proof of insurance in accordance with §87.40;
 - (4) provide proof of a storm water permit, if required by the Texas Commission on Environmental Quality;
 - (5) successfully pass a criminal background check; and
 - (6) pay the applicable fee required under §87.85.
- (b) To renew and maintain continuous licensure, the renewal requirements under this section must be completed prior to the expiration of the license. A late renewal means the licensee will have an unlicensed period from the expiration date of the expired license to the issuance date of the renewed license. During the unlicensed period, a person may not perform any functions of an automotive parts recycling business that requires a license under this chapter.
- (c) Non-receipt of a license renewal notice from the department does not exempt a person from any requirements of this chapter.

87.30. Exemptions. *(New rule effective January 11, 2010, 35 TexReg 232; amended effective February 14, 2019, 44 TexReg 586)*

The provisions of this chapter do not apply to:

- (1) a person who purchases not more than five nonrepairable or salvage motor vehicles at casual sale in a calendar year from:
 - (A) a salvage vehicle dealer;
 - (B) a salvage pool operator at auction; or
 - (C) an insurance company at auction;
- (2) a metal recycler, unless a motor vehicle is sold, transferred, released, or delivered to the metal recycler for the purpose of reuse or resale as a motor vehicle or as a source of used parts, and is used for that purpose;
- (3) a person who casually repairs, rebuilds, or reconstructs not more than five salvage motor vehicles in the same calendar year;
- (4) a person who is a non-United States resident who purchases nonrepairable or salvage motor vehicles for export only;
- (5) an agency of the United States, an agency of this state, or a local government;
- (6) a financial institution or other secured party that holds a security interest in a motor vehicle and is selling that motor vehicle in the manner provided by law for the forced sale of a motor vehicle;
- (7) a receiver, trustee, administrator, executor, guardian, or other person appointed by or acting pursuant to the order of a court;
- (8) a person selling an antique passenger car or truck that is at least 25 years old or a collector selling a

special interest motor vehicle as defined in Transportation Code, §683.077, if the special interest vehicle is at least 12 years old;

- (9) a licensed auctioneer who, as a bid caller, sells or offers to sell property to the highest bidder at a bona fide auction under the following conditions:
 - (A) neither legal nor equitable title passes to the auctioneer;
 - (B) the auction is not held for the purpose of avoiding a provision of Texas Occupations Code, Chapter 2302, or this chapter; and
 - (C) an auction is conducted of motor vehicles owned, legally or equitably, by a person who holds a salvage vehicle dealer's license and the auction is conducted at a location for which a salvage vehicle dealer's license has been issued to that person or at a location approved by the department under this chapter.
- (10) a salvage vehicle dealer, subject to the provisions under Occupations Code §2309.004;
- (11) an insurance company; and
- (12) a salvage pool.

87.40. Insurance Requirements. *(New rule effective January 11, 2010, 35 TexReg 232)*

A used automotive parts recycling business may not conduct business or other automotive parts recycling operations in this state unless the licensee maintains a valid general liability insurance policy in an amount not less than \$250,000.

87.44. Inspections--General. *(New rule effective January 11, 2010, 35 TexReg 232; amended effective February 1, 2020, 45 TexReg 541)*

- (a) All used automotive parts recycling businesses shall be inspected periodically, or as a result of a complaint. These inspections will be performed to determine compliance with the requirements of the Act and this chapter. In addition, the department may make information available to used automotive parts recycling business owners and managers on best practices for risk-reduction techniques.
- (b) Inspections shall be performed during the normal operating hours of the used automotive parts recycling business. The department may conduct inspections under the Act and this chapter with or without advance notice.
- (c) The department inspector will contact the licensee, manager, or representative upon arrival at the facility location, and before proceeding with the inspection.
- (d) The licensee, manager, or representative shall cooperate with the inspector in the performance of the inspection.
- (e) Periodic inspections under this section are in addition to any complaint based inspections and those inspections do not restrict the department's right to enter the licensed facility for purposes of enforcement and compliance.

87.45. Inspections--Periodic. *(New rule effective January 11, 2010, 35 TexReg 232; amended effective February 15, 2019, 44 TexReg 586; amended effective February 1, 2020, 45 TexReg 541)*

- (a) Each used automotive parts recycling business shall be inspected at least once every four years.
- (b) The used automotive parts recycling business owner, manager, or their representative must, upon request,

make available to the inspector all records, notices and other documents required by this chapter.

- (c) Upon completion of the inspection, the owner manager, or representative shall be advised in writing of the results of the inspection. The inspection report will indicate whether the inspection was approved or not approved, and will describe any violations identified during the inspection.
- (d) For inspections that are not approved, the inspection report will identify violations that must be corrected by the licensee. The report will also indicate the corrective actions required to address the violations. Additionally, the department may assess administrative penalties and/or administrative sanctions for violations.

87.47. Corrective Actions Following Inspections. *(New rule effective January 11, 2010, 35 TexReg 232; amended effective February 15, 2019, 44 TexReg 586)*

- (a) When corrective actions to achieve compliance are required:
 - (1) the department shall provide the used automotive parts recycler a list of required corrective modification(s);
 - (2) within 10 days after receiving the list of required corrective actions, the owner shall complete all corrective actions and provide written verification of the corrective actions to the department; and
 - (3) the department may grant an extension, consistent with established procedures, if satisfactory evidence is presented showing that the time period specified is inadequate to perform the necessary corrections.
- (b) The department may assess administrative penalties and/or administrative sanctions for violations or for failure to complete corrective actions timely or provide written verification to the department timely, in accordance with §87.90.

87.50. Reporting Requirements--Filing of Vehicle Ownership Documents. *(New rule effective January 11, 2010, 35 TexReg 232)*

- (a) Used automotive parts recyclers who acquire ownership of a motor vehicle, nonrepairable motor vehicle, or salvage motor vehicle for the purpose of dismantling, scrapping, or destroying the motor vehicle, shall, before the 31st day after the date of acquiring the motor vehicle, submit to the Texas Department of Motor Vehicles a properly assigned manufacturer's certificate of origin, regular certificate of title, nonrepairable vehicle title, salvage vehicle title, other ownership document, or comparable out-of-state ownership document for the motor vehicle.
- (b) Used automotive parts recyclers shall keep and maintain evidence of compliance with subsection (a).

87.65. Advisory Board. *(New rule effective January 11, 2010, 35 TexReg 232; amended effective February 15, 2019, 44 TexReg 586)*

- (a) The advisory board consists of the five members representing the used automotive parts industry in this state appointed by the presiding officer of the commission with the approval of the commission. The five members include:
 - (1) members who represent used automotive parts businesses owned by domestic entities, as defined by Business Organizations Code, §1.002; and
 - (2) one member who represents a used automotive parts business owned by a foreign entity, as defined by Business Organizations Code, §1.002.
- (b) The advisory board may not include more than one member from any one used automotive parts business

entity.

- (c) Advisory board members serve terms of six years, with the terms of one or two members expiring on February 1 of each odd-numbered year.
 - (1) A member may not serve more than two full consecutive terms.
 - (2) If a vacancy occurs during a term, the chairman of the commission will appoint a replacement who meets the qualifications of the open position to serve for the balance of the term.
- (d) The presiding officer of the commission shall appoint one of the advisory board members to serve as the presiding officer of the advisory board for one year. The presiding officer of the advisory board may vote on any matter before the advisory board.
- (e) An advisory board member serves without compensation but is entitled to reimbursement for actual and necessary expenses incurred in performing duties as an advisory board member, subject to any applicable limitation on reimbursement provided by the General Appropriations Act.
- (f) The advisory board meets twice yearly and may meet at other times at the call of the presiding officer of the commission or the executive director.
- (g) The advisory board provides advice and recommendations to the department on technical matters relevant to the administration and enforcement of this chapter, including licensing standards.

87.70. Responsibilities of the Licensee--Acquiring Vehicles. *(New rule effective January 11, 2010, 35 TexReg 232)*

Used automotive parts recyclers who acquire ownership of a salvage motor vehicle shall obtain a properly assigned title from the previous owner of the vehicle.

87.71. Responsibilities of the Licensee--Record Retention. *(New rule effective January 11, 2010, 35 TexReg 232; amended effective February 15, 2019, 44 TexReg 586)*

- (a) A used automotive parts recycler shall maintain a record of or sales receipt for each motor vehicle, salvage motor vehicle, nonrepairable motor vehicle, and used automotive part purchased.
- (b) Unless required by another section of this chapter, a used automotive parts recycler shall maintain records required by this chapter for a period of three years from the date of the event reflected in the record.

87.72. Responsibilities of the Licensee--Registration of New Business Location. *(New rule effective January 11, 2010, 35 TexReg 232)*

- (a) Before moving a place of business, a used automotive parts recycler must notify the department of the new location.
- (b) The used automotive parts recycler shall provide a storm water permit for the location if a permit is required by the Texas Commission on Environmental Quality.

87.78. Responsibilities of the Licensee--Surrender of Certain Documents or License Plates. *(New rule effective January 11, 2010, 35 TexReg 232)*

- (a) A used automotive parts recycler shall surrender to the Texas Department of Motor Vehicles (DMV) for cancellation a certificate of title or authority, sales receipt, or transfer document, as required by the DMV.
- (b) For each vehicle for which a document is surrendered in compliance with subsection (a), the licensee shall obtain a signed receipt for a surrendered certificate of title.

87.80. Responsibilities of the Licensee--Records of Casual Sales. *(New rule effective January 11, 2010, 35 TexReg 232; amended effective February 15, 2019, 44 TexReg 586)*

- (a) Each licensed used automotive parts recycler that sells a nonrepairable motor vehicle or a salvage motor vehicle at a casual sale shall keep on the business premises a list of all casual sales made during the preceding 36-month period that contains:
 - (1) the date of the sale;
 - (2) the name of the purchaser;
 - (3) the name of the jurisdiction that issued the identification document provided by the purchaser, as shown on the document; and
 - (4) the vehicle identification number.
- (b) A used automotive parts recycler shall keep on the business premises of the recycler, until the third anniversary of the date the report on the motor vehicle is submitted to the department, a record of the vehicle, its ownership, and its condition as dismantled, scrapped, or destroyed as required by Transportation Code §501.1003

87.85. Fees. *(New rule effective January 11, 2010, 35 TexReg 232; amended effective January 1, 2014, 38 TexReg 9522; amended effective February 15, 2019, 44 TexReg 586; amended effective February 1, 2020, 45 TexReg 541)*

- (a) Used Automotive Parts Facility Business Permit.
 - (1) Original Application--\$75
 - (2) Renewal-- \$75
- (b) Revised/Duplicate License/Certificate/Permit/Registration--\$25
- (c) Late renewal fees for licenses issued under this chapter are provided under §60.83 of this title (relating to Late Renewal Fees).
- (d) All fees are non-refundable except as provided for by commission rules or statute.

87.90. Administrative Sanctions. *(New rule effective January 11, 2010, 35 TexReg 232)*

A person that violates Texas Occupations Code, Chapter 2309, a rule, or an order of the executive director or commission relating to Texas Occupations Code, Chapter 2309, will be subject to administrative sanctions and/or administrative penalties under Texas Occupations Code, Chapters 51 and 2309 and applicable agency rules.

87.91. Enforcement Authority. *(New rule effective January 11, 2010, 35 TexReg 232)*

The enforcement authority granted under Texas Occupations Code, Chapters 51 and Chapter 2309 and any associated rules may be used to enforce Texas Occupations Code, Chapter 2309 and this chapter.